

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 05166 221652Z

51

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W

----- 017558

P R 221600Z MAY 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 4144

INFO AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY ANKARA

C O N F I D E N T I A L CAIRO 5166

EXDIS

FOR UNDER SECRETARY ROBINSON

ANKARA FOR ASSISTANT SECRETARY ATHERTON

E.O. 11652: GDS

TAGS: USEGJC EAID

SUBJECT: ASSISTNACE TO EGYPT; DISCUSSION WITH IBRD REPS

REF: A. CAIRO 5061 B. STATE 111831

1. CHARGE WAS VISITED MAY 22 AT HIS REQUEST BY  
IBRD REPS DUBEY AND IKRAM. PURPOSE OF MEETING  
WAS TO PROVIDE GENERAL BRIEFING ON CURRENT STATUS  
US EFFORTS ASSIST EGYPT THROUGH PRESENT  
ECONOMIC CRISIS. HE OUTLINED CONTACTS BETWEEN  
UNDER SECRETARY ROBINSON AND McNAMARA IN  
WASHINGTON (REF B) AND BASIC POSITION TAKEN BY  
UNDERSECRETARY IN MEETINGS WITH MINFIN ABU ISMAIL  
AND PRIMIN SALIM DURING RECENT VISIT TO CAIRO (REF A).

2. CHARGE INDICATED THAT PRINCIPAL CONCERN OF  
POTENTIAL DONORS FOCUSED ON NECESSITY FOR  
ASSURANCE THAT EGYPT WILL MAKE MEANINGFUL EFFORT  
TO BETTER MANAGE ITS FOREIGN CURRENCY RESOURCES.  
BEST MEANS OF PROVIDING GOE WITH ADVICE AND  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 05166 221652Z

COUNSEL NEED TO IMPROVE FINANCIAL MANAGEMENT

APPEARED TO BE INTERNATIONAL ORGANIZATION SUCH AS IBRD. UNDER SECRETARY HAD REPEATEDLY STRESSED NECESSITY FOR PROVIDING POTENTIAL DONORS WITH REASONS TO BELIEVE PROBLEM IS BEING EFFECTIVELY MANAGED IF EGYPT WERE TO RECEIVE NECESSARY SHORT TERM SUPPORT. HE THEREFORE HAD URGED THAT GOE EXTEND INVITATION TO IBRD TO PROVIDE ADVICE ON STEPS THAT MIGHT BE TAKEN IN THIS REGARD.

3. DUBY NOTED THAT PRESENCE OF MISSION IN EGYPT WAS RELATED TO NORMAL ANNUAL VISIT, BUT HE WAS, OF COURSE, PREPARED TO CONSIDER SUCH REQUEST FROM GOE. HE STRESSED THAT TEAM DID NOT YET FEEL IT HAD ALL INFORMATION NECESSARY FOR DEVELOPMENT OF PROPOSALS AND INDICATED THAT HE WAS KEEPING OPEN MIND UNTIL SUCH TIME AS IT BECAME AVAILABLE. HIS INTENTION IS TO DEVELOP RECOMMENDATIONS FOR CONSIDERATION BY VP BEN JENK UPON LATTER'S ARRIVAL JUNE 1 AND SUBSEQUENT SUBMISSION TO GOE.

4.CHARGE SAID THAT MINFIN ABU ISMAIL HAD REPEATEDLY STATED THAT HE WOULD MAKE ALL NECESSARY INFORMATION AVAILABLE TO IBRD TEAM AND THAT PRIMIN HAD ALSO INDICATED HIS DESIRE COOPERATE. RELUCTANCE TO COMMIT EGYPT TO ACCEPTANCE RECOMMENDATIONS WHICH MIGHT BE FORTHCOMING WAS QUITE EVIDENT IN EARLY STAGES UNDER SECRETARY'S MEETINGS, BUT INVITATION FROM ABU ISMAIL TO MEET WITH TEAM MEMBERS (MEETING WAS TO TAKE PLACE IMMEDIATELY FOLLOWING SESSION WITH CHARGE) SEEMS TO INDICATE UNDER SECRETARY'S MESSAGE GOT THROUGH. THIS WAS ENCOURAGING BECAUSE IT WAS IMPORTANT THAT DONORS BECOME AWARE OF EGYPTIAN WILLINGNESS AT LEAST DISCUSS EFFECTIVE FOREIGN EXCHANGE MANAGEMENT WITH WORLD BANK SO THAT OUR EFFORTS ATTRACT CONTRIBUTIONS FROM OTHER NATIONS WOULD HAVE SUCCESS.

5. IN THIS CONNECTION CHARGE RECELLED RECENT VISIT OF IMF MISSION AND UNFAVORABLE EGYPTIAN REACTION TO WHAT THEY CONSIDERED TOO DRASTIC  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 05166 221652Z

PROPOSALS WHICH FAILED TO TAKE INTO ACCOUNT FRAGILITY OF THEIR INTERNAL POLITICAL SYSTEM. BOTH DUBAY AND IKRAM REPLIED THEY WERE FAMILIAR WITH IMF FAILURE AND SOME OF ITS CAUSES. THEY HAD NO INTENTION OF MAKING SAME MISTAKE. THEY DID SAY, HOWEVER, THAT AIDE MEMOIRE FROM BANK THEY HAD RECENTLY DELIVERED TO GOE UNDERLINED EGYPT'S FAILURE TO CARRY OUT MEASURES WHICH BANK HAD

INFORMALLY RECOMMENDED LAST YEAR RELATING TO SUBSIDIES, DETERMINING COST EFFECTIVENESS OF PUBLIC COMPANIES, ENCOURAGING PRIVATE INVESTMENT, AND MANAGING EXTERNAL RESOURCES. AGREEMENT, APPARENTLY CONCLUDED BETWEEN McNAMARA AND HEGAZY, IS NOT KNOWN TO EMBASSY, BUT WAS APPARENTLY ONE OF STEPS PRECEDING MARKED INCREASE IN IBRD LENDING OVER PAST YEAR.

6. DUBEY WAS ASKED IF WORLD BANK SUBSCRIBED TO PRINCIPLE THAT DURING PERIOD OF EMERGENCY FINANCIAL ASSISTANCE THERE COULD BE NO NET REPAYMENT OF EGYPT OF OFFICIAL FOREIGN DEBT. HE REPLIED THAT IBRD HAD NO FIXED RULES IN SUCH CASES BUT COMPLETELY UNDERSTOOD NATURE OF PROBLEM AND US CONCERNNS IN PARTICULAR.

7. DUBEY AGREED TO KEEP EMBASSY IN PICTURE WITH RESPECT TO IBRD MISSION EFFORTS.

MAESTRONE

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, MINISTERIAL VISITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975CAIRO05166  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750180-0105  
**From:** CAIRO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750524/aaaaavnk.tel  
**Line Count:** 135  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 CAIRO 5061, 75 STATE 111831  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 JUL 2003 by CunninFX>; APPROVED <26 NOV 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ASSISTNACE TO EGYPT; DISCUSSION WITH IBRD REPS  
**TAGS:** EAID, US, EG, IBRD, (ROBINSON, CHARLES)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006